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THE TORY ORIGIN OF FREE TRADE  
POLICY.

THERE is a group of English writers at the end of the eighteenth century who have long been understood to stand in a place by themselves among the pamphleteers of the time. Distinguished above them all\* is Sir Dudley North, of whom Macaulay,† instructed by McCulloch,‡ tells us that he “had thought out a complete and admirable theory of trade, substantially the same with that which, a century later, was expounded by Adam Smith,” and whom Roscher entitles “the free trader” *par excellence*.§ But by his side we have been accustomed to

\* So it was understood until very recently, when a claim for priority was put forward on behalf of Barbon. See *infra*.

† *History of England*, chap. iv. (in 2 vol. ed., i. 253).

‡ *A Discourse on the Rise, Progress, . . . of Political Economy* (1824), 37. The same account reappears in the historical *Sketch* prefixed to his *Principles of Political Economy* (1825), and in many subsequent publications.

§ “Der Freihändler North” is the title of the section in Roscher’s *Zur Geschichte der englischen Volkswirtschaftslehre im sechzehnten und siebzehnten Jahrhundert*, 83 (in *Abhandlungen der königlich-sächsischen Gesellschaft der*

place two\* other writers, Sir Josiah Child and William Davenant, who, if they were not so thorough-going, and are only describable as "moderate mercantilists," † or, at most, as "eclectics," ‡ had at any rate some unusually "sound" and "liberal" views. § And now of late we have been reminded that we must add the name of Nicholas Barbon to the number. || He has even been elevated above North, and we have been gravely told that we must see in him the first refuter of the mercantilist doctrine. ¶

It is a significant fact, when one comes to think of it, and yet a fact to which, hitherto, it would seem, attention

*Wissenschaften*, 1857). In this treatise of Roscher's,—from which subsequent German writers have usually drawn all their information concerning the English writers of the period,—North's *Discourses* are spoken of as "ein ebenso tief begründetes wie consequent ausgeführtes System der Freihandels-Politik."

\*A hasty reading of Roscher, 121,— "Ihren höchsten Gipfel erreichte die vor-hume'sche Nationalökonomie der Engländer in dem grossen Triumvirat, Petty, North, und Locke,"—actually led Eisenhart, *Geschichte der Nationalökonomik* (1881), to speak of "die Freihändler, Petty, North, Locke." That this is altogether a false impression of Petty and Locke is at once apparent to those who have actually read their works.

† Cossa, *Introduction to the Study of Political Economy* (trans. Dyer), 203, where, with scanty justification, Temple is placed in the same "school" as Child and Davenant.

‡ Ingram, *History of Political Economy*, 49, where also, following Cossa, Temple is added to the company.

§ "Sound" is the favorite term of praise in the English translation of Cossa, — *e.g.*, 203, on Child; while "liberal" is preferred by Roscher, — *e.g.*, 114, on Davenant.

|| That Barbon was "one of the earliest expounders of the fallacies of the balance of trade" (Cunningham, *Growth of English Industry*, 1882, 351) has long and often been asserted, first probably by McCulloch, *Literature of Political Economy* (1845), 157; criticised by Karl Marx, *Capital*, English translation, 120, n., and echoed by Kautz, *Die geschichtliche Entwicklung der National-ökonomik* (1860), 318. But his merits have been lately dwelt on at length by Dr. Stephan Bauer, in Conrad's *Jahrbücher für National-ökonomie*, N. F. xxi. (1890), 561, and more briefly in Palgrave's *Dictionary of Political Economy*, s. v. Barbon; and other treatises assigned (no doubt correctly) to him, besides that of 1696 referred to by McCulloch.

¶ Dr. Bauer in Palgrave's *Dictionary*, s. v. Balance of Trade (History of the Theory): "The first thorough refutation was given by Nicholas Barbon, and his influence is to be traced in the writings of Sir Dudley North."

has not been called, that these four men, differing completely as they did from one another in training and practical interests, had yet one trait in common besides their "liberal views" concerning trade: they were all Tories. North, the most "enlightened," was also the most obnoxious to the Whigs. Readers of Macaulay may remember his account of North's services to the government of Charles II. as sheriff of London during the Tory reaction, and the humorous touch about "the great discomposure of his lady" when the "carts, loaded with the legs and arms of quartered Whigs, were driven to his fine house for orders."\* Macaulay characterizes Davenant as "a most unprincipled and rancorous politician;"† which may or may not be historical truth, but is, at any rate, a testimonial to his Toryism. Child, the same writer declares, turned Tory in 1680 to save the privileges of the East India Company.‡ Among the few facts known about Barbon's life is that he was one of the projectors of the Tory Land Bank.§

There is evidently an inherent possibility that this common Toryism had some connection with their "liberal" views on trade. And this possibility becomes a certainty when we put before ourselves the contemporary political situation in England. The Whig party, arising as it did at a time when the alliance of Charles II. with France was believed to endanger liberty and Protestantism, was from the first marked by a spirit of antagonism to France. The disadvantages of trade with

\* The incident is taken directly from the account in Roger North's *Life of Dudley North*, in *Lives of the Norths* (ed. 1826), iii. 125, which with its phrase "absconded members," and its remark that "she could never be reconciled to the dog hangman's saying he came to speak with his master," is at least equally humorous.

† Chap. iii. (i. 153). The unpartisan Ranke (*History of England*, English translation, iii. 207) simply calls him "the skilful spokesman of the financial opposition."

‡ Chap. xviii. (ii. 306).

§ See the account of him in the *Dictionary of National Biography*.

France formed one of its most effective cries. It was in this connection, most commonly, that for half a century Whig orators and pamphleteers called up the spectre of Overbalance. On the other hand, the Tory party set itself from its very birth to preach the blessings of free trade,\* and to pooh-pooh, even when it could not refute, the theory of Balance. It is clear that Tory writers on trade, however sensible we may suppose them, could hardly fail to have a partisan bias in favor of liberty of commerce, and that, however clear-sighted they may have been, they were likely to have their insight sharpened by party prejudice. McCulloch's explanation of North's enlightenment, that on questions of trade "party interests were not directly affected," † is the very opposite of the truth.

We are all familiar with the fate of Bolingbroke's commercial treaty with France in 1713. Mr. Lecky has told us how the opposition "was vehemently fanned by the whole Whig party," including "Halifax, the founder of the financial system of the Revolution," and "Walpole, the ablest of the rising financiers." ‡ But what is not so well known is that each party in 1713 was following traditions of its own, which were already forty years old. The real starting-point in the history of Whig policy in the matter of trade is the great Prohibition of 1678. It is an illustration of the way in which historical events even of real importance drop out of the current tradition of later ages that this measure, regarded by so many English writers far into the eighteenth century as a turning-point in the economic fortunes of their country, is to-day as good as forgotten. We may find that "very accurate and intelligent author of the *Memoirs of Wool*, the Rev. Mr. John

\*In the sense in which the adjective "free" was then used, for which see the quotation from Davenant, *infra*.

† Preface, xi, to the *Select Collection of Early English Tracts on Commerce*, printed for the Political Economy Club, 1856.

‡ *History of England in the Eighteenth Century*, i. 144.

Smith,"\* declaring in 1747, with all the impressiveness of capitals, that "THIS YEAR, MDCLXXVIII., is to be looked upon as a remarkable *ÆRA* of the *English* Commerce."† In 1764 that comparatively "sober and judicious writer, Mr. Anderson, author of the *Historical Deduction of Commerce*,"‡ still gives entire credence to the statement of "the authors of the time," — that in the twenty years after the prohibition, and mainly because of it, English exports were more than doubled.§ And yet Macaulay has, so far as I can see, not one word on the subject. Economic historians either make no reference to it or fail to lay any particular stress upon it;|| and the only indication of its significance in international politics to be found in any recent writer of note is a single brief sentence of Ranke.¶ It may be useful, therefore, to bring together in this place a few of the more noteworthy incidents of a forgotten episode.

Davenant, writing in 1711,\*\* gives this account of the origin of the outcry against France: —

"About the year 1660 . . . France became the rising empire. And it rose so fast as to beget just apprehensions to England for our future safety. In the mean while several good patriots, perceiving the court then fatally running into French interest and measures, and finding it would be difficult to engage the people (newly come out of a civil war) to follow and join with them in more national councils, by speculations merely political

\* Adam Smith, *Wealth of Nations*, Book IV., chap. viii. (ed. Rogers, ii. 235).  
† *Memoirs of Wool*, i. 325.

‡ This encomium from Adam Smith, Book V., chap. i. (ed. Rogers, ii. 329), is, it is true, in comparison with "the late Mr. Dobbs."

§ *Apud* Macpherson, *Annals of Commerce*, ii. 593.

|| A bare mention of the act of 1678 may be found upon search in many modern books, but usually with some misleading comments; e.g., "The prohibition was, it is true, of no long continuance," Dowell, *History of Taxation*, ii. 28.

¶ *History of England*, iv. 42.      \*\* *Works* (ed. Whitworth, 1771), v. 362.

concerning the progress of the French arms and power, they thought the best course to awaken Englishmen was to alarm them about the danger they were in to lose their trade; and, for this reason, nothing was so common as to cry 'that England was undone by the prodigious overbalance the French had upon us.' . . . This overbalance was made use of maliciously by some who had a mind to disturb and defame the government." Such scraps of information as we can collect fully bear out this account of Davenant's, making due allowance for the manifest party coloring of the last sentence.

That England was being drained of its treasure by French imports began to be maintained by individuals here and there soon after the accession of Charles II. In 1663 Samuel Fortrey published a tract on *England's Interest and Improvement*,\* in which he declared, on the basis of a "particular not long since delivered in to the King of France," of which he professed to give a translation, that "our trade with France is at least sixteen hundred thousand pounds a year clear lost to this kingdom."† This estimate was frequently repeated and discussed in later years.‡ There seems to be no evidence that it met with much acceptance at the moment. We may perhaps date the beginning of popular agitation some ten years later, about 1673, when Fortrey found so many friends "very desirous" of copies that he reprinted his paper. By that time the situation had greatly altered. The enthusiastic loyalty which had greeted the restored king had passed away; and "the country party" was growing into a regular opposition. The alliance of Charles and Louis XIV. was felt to portend danger to Parliament and to Church; and, in reaction against the French alliance, the country party was clamoring for war with

\* Reprinted by McCulloch in *Early English Tracts on Commerce*. † 234.

‡ E.g., in *Britannia Languens* (1680), 188; Davenant (1698), *Works*, ii. 90; the *British Merchant* (1713), ed. 1721, i. 232.

France, and restrained only by its hesitation to trust Charles with an army. The manufacturing and commercial classes had independent and grave reasons for irritation. For some time there had been a large exportation of English cloth to France.\* In 1667 Colbert introduced a new tariff, which was practically prohibitive, and cut off a great part of the previous demand for the English product.† There was meanwhile a growing demand in England for certain French commodities. "At this time," says Anderson, "the laudable English fashions of former times began to alter in favor of France. The women's hats were turned into hoods made of French silk, whereby every maid-servant in England became a standing revenue to the French king of the half of her wages."‡ "French wine," wrote John Locke at the time, "is become a modish drink among us, and a man is ashamed to entertain his friend or almost to dine himself without it."§ There was besides a considerable demand for French linen, brandy, and paper. England must have paid for no small part of these imports with money: where it must have been getting this money, most men did not pause to ask. It was natural enough that the commercial classes should take up the cry of Overbalance; natural enough that the political opposition, anxious to enlist the commercial classes on their side, should at once take advantage of it,—and, indeed, honestly believe in it.

Roger North, the Tory critic in the reign of George II.

\* See Montchrétien's complaints in 1615, in his *Traicté de l'Économie Politique* (ed. Funck-Brentano), 68-72.

† Child, writing about this time (Preface to his first *Discourse*), says, "A very great part of the French trade for exportation is lost by reason of great impositions laid there upon our draperies." For other contemporary references, see the pamphlets of 1677 and 1678 in Smith's *Memoirs of Wool*, i. 285, 324. The author of *Britannia Languens*, 159, reckons the value of the cloth previously exported annually to France at £600,000.

‡ *Apud* Macpherson, s. a. 1668, ii. 534.

§ *Considerations of the Lowering of Interest*, written about 1672; in Ward, Lock & Co.'s cheap reprint of *Essays*, 598.



of the then fashionable Whig tradition, has given us an entertaining account of the solemn deliberations of the London merchants.\* Among the "diverse Projects of the Faction that tended to straighten the King" was one of a Commission of Trade:—

"It was by the Duke of Bucks, Shaftesbury, and others represented to the King that his Majesty was too much troubled in Council with dark Questions concerning Trade, which at last were referred to eminent Merchants, and their Advice commonly was the Rule. The Courtiers, for his Majesty's Ease, moved that there might be a Commission to several of the greatest Traders in *London* to examine all Matters of that Kind, and to report their Opinion to the Council; upon which his Majesty might determine. This plausible Project was put in Execution, and the Leaders of the fanatic party in the City . . . were the Commissioners; for so it was plotted. The great House in *Queenstreet* was taken for the use of this Commission. Mr. *Henry Slingsby*, sometime Master of the Mint, was the Secretary; and they had a formal Board with Green Cloth and Standishes, Clerks good Store, a tall Porter and Staff, and fitting Attendance below, and a huge Luminary at the Door. And in *Winter* Time, when the Board met, as was two or three Times a Week, or oftener, all the Rooms were lighted, Coaches at the Door, and great passing in and out, as if a Council of State in good Earnest had been sitting. All Cases, Complaints, and Deliberations of Trade were referred to this Commission, and they reported their opinion. . . . The Characters of the Commissioners considered, one may conclude that, whatever Interests were regarded, the public Revenue coming to the Crown out of Trade was not the chief of their Care, unless it were to sink it by all the Ways they could possibly contrive." It is obvious that the enjoyment of a revenue, free in large measure from parliamentary control,

\* *Examen* (1740), 461.

furnished another strong motive to the government to keep open the trade with France.

It was probably from this body that a document emanated that was destined to have a great effect on English policy. This was "A Scheme of the Trade, As it is at present Carried on between England and France, In the Commodities of the Native Product and Manufacture of each Country; Calculated as exactly as possible in Obedience to the Commands of the Right Honourable the Lords Commissioners for the Treaty of Commerce with France: and humbly tender'd to their lordships." \*

This scheme set forth with great apparent exactitude the details of exports and imports, summing up thus: "By the Account above, your Lordships may perceive that the Linnen and Silk Manufactures only, Imported from *France*, amount to upwards of Eight Hundred Thousand Pounds, and the Manufactures of Wool and Silk exported from *England* thither do not amount to Eighty Five Thousand Pounds. As also all other Commodities of the Product and Manufacture of *England*, Exported into *France*, do not amount to Ninety Thousand Pounds more: Whereas the Wines, Brandies, and other Commodities of the Product and Manufacture of France, Imported into *England*, amount to upwards of Three Hundred and Twenty Thousand Pounds; besides an incredible Value of Toys, rich Apparel, Point-Lace, &c. So that it is apparent that the Exports of our Native Commodities and Manufactures to *France* are less in Value by at least One

\* It is printed in Somers' *Tracts* (1748), iv. 536; in Cobbett's *Parliamentary History*, iv., App. xi.; and in several other places in whole or in part. The polemic over it which fills a large part of the *British Merchant* and the *Mercator* in 1713 is not a little amusing. In the 1721 reprint of the *British Merchant* it becomes "the Old SCHEME" in vol. ii., and from ii. 128 onward "the OLD SCHEME." The *Mercator* (as cited by the *British Merchant*, ii. 33) called the preamble to the Prohibition Act of 30 Car. II. "a wild preamble to a wild Act of Parliament, because our Legislators were cheated by the old SCHEME"; and its writers "promised their Readers that they would take that Scheme to pieces, and hang it in the Sun a drying, where it shall shrink like a Red Her-ring, to a size no bigger than the true substance of it." *Ibid.*, i. 318.

Million of Pounds Sterling than the Native Commodities and Manufactures of France which we receive from thence." It is dated November 29, 1674, and signed by fourteen London merchants. Among the names appear some that Macaulay has canonized for their patriotic support, in later years, of that great Whig undertaking, the Bank of England,—John Houblon, and his father, James,\* and Michael Godfrey, with his "strong and clear mind";† together with Thomas Papillon, the violent Exclusionist, whom Child afterwards expelled from the direction of the East India Company.‡

As soon as Parliament met in the spring of 1675, this terrifying document was presented to it; it is said,§ by Sir George Downing, one of the Commissioners of Customs, who was probably preparing to crown his long career of self-seeking by returning to the side of the opposition, if the popular current should become strong enough to make it worth his while. According to a later tradition,|| it was "so well received that the scheme was entered into the journals of both Houses of Parliament, and into the books of the Custom House"; though "the court at that time favored the interests of France so much, preferably to their own, that the trade went still on." According to another¶ the House of Commons "ordered a bill to be brought in, which was received with approbation." Only faint echoes of the debates on trade

\* For a brief account of the Houblons, see Rogers, *First Nine Years of the Bank of England*, 3, n. 1.

† Macaulay, *History of England*, chap. xx., ii. 483.

‡ *Ibid.*, chap. xviii., ii. 305.

§ Echard, *History of England* (ed. 1720), 920. According to a statement of the Commissioners (for a treaty of commerce) of 1697, quoted in the *British Merchant*, ii. 411, Sir George Downing made report to this effect on March 9, 1675, "to the lords of the Privy Council, then a Committee of Trade." For the life of Downing, see the *Dictionary of National Biography*. His education was received in Harvard College.

|| Tindal's continuation of Rapin's *History of England* (1746), xxv. 14.

¶ Echard, 920.

during these years have come down to us; but they are enough to show how completely the conclusions of the scheme were accepted by the opposition. Foremost among them was the Colonel Birch whom Macaulay singles out in 1688 for his "strong sense and mother wit," and for "the great talent for business" which he had "shown in high fiscal office,"\* and who now, in 1675, sought to exasperate the Commons by remarking sardonically, "You may make war with France, with the money he over-balances you in your trade, which you get, like bees, by industry."†

From November, 1675, to February, 1677, Parliament was prorogued. When it met again, antipathy towards France was even fiercer than before; and it was now for the first time, it seems, that the proposal was brought forward for a complete prohibition of importation from that country. Mr. Harbord,—afterwards "one of the most zealous of the adherents of the Prince of Orange,"‡ —reminded the House that "the French abstract one million yearly from us in trade." He declared that, while that went on, France would govern English councils everywhere; and accordingly he cried out, "Make a law to prohibit French trade: you need no wine and few of his commodities; and France will grow poor, and we shall grow rich."§ The advice was taken: an act was passed in the session of 1678 (29 & 30 Car. II., c. i.) || absolutely prohibiting the import of "French Wine, Vinegar, Brandy, Linnen, Cloath, Silks, Paper, or any Manufactures made of or mixed with Silk, Thread, Wool, Hair, Gold or Silver or Leather, being of the Growth, Product, or Manufacture of any of the Dominions or Territories of the French King"; and this on the ground, set forth in the preamble, that "the Wealth and Treasure of the

\* *History*, chap. x., i. 633.

† *Parliamentary History*, iv. 707.

‡ Macaulay, *History*, chap. x., i. 646.

§ *Parliamentary History*, iv. 888.

|| *Statutes of the Realm*, v. 852.

Nation hath been much exhausted by the Importation and Consumption of the French Commodities." The assent of the lords and of the king was secured by the ingenious device of "tacking" the bill to another granting a poll-tax. The honor of having introduced it was attributed in the next generation \* to William Sacheverell, "an orator" who was now beginning to create that reputation for "great parliamentary abilities" † which lingered among Whig traditions far into the eighteenth century. Of the details of the proceedings we know nothing, save what Roger North informs us of "the prodigious Industry and Diligence, used by the Leaders of the Country Party." "I was told by one of them," he says, ‡ "that they took occasion, and, with much ado, prevailed, to have certain general Books of the Custom-House Accounts laid before the House, and being desirous to be Masters of them, which could not be in that short Time as was allowed for them to lie upon the Table to be perused by the Members, they took an Opportunity, and imployed Stationers, who decomposed the Books, and dispersed them to be transcribed by many Hands, and, after the Copies finished, had the Books bound up again, and laid upon the Table in less than forty-eight Hours time: and so the Party had a compleat Inspection in their own Time, and the Matter was never discovered." There was more zeal for such investigations then than there would have been a few months later, when every head was full of the Popish Plot.

Already, however, the cry of alarm was beginning to call forth reassuring argument. An anonymous pamphlet appeared in 1677, thus entitled: "*England's Great Happiness; or a Dialogue between Content and Complaint; wherein is demonstrated that a great part of our Complaints are causeless, and we have more Wealth*"

\* Davenant, quoted by the *British Merchant*, iii. 63.

† Macaulay, *History*, chap. x., i. 633.

‡ *Examen*, 468.

now than ever we had at any time before the Restauration of his sacred Majestie. By a real and hearty Lover of his King and Countrey.”\* This little tract of eighteen pages touches upon all the “complaints” of the time, “People’s over high living, the too many Foreigners, the Enclosure of Commons, and the multitude of people that run into trade,” as well as “carrying the Money out of the nation,” though that is put first; so that only a few paragraphs are devoted to the question of trade. But in these few paragraphs, it is not too much to say, appear the germs of most of the “liberal ideas” of the better known writings of the end of the century. The author had two main considerations to urge, apparently: first, that the payment of specie to France did not matter, so long as England was able to get it by trade from other nations; † secondly, that there was no reason for anxiety, so long as the “signs of wealth” ‡ abounded in every direction.

\* Reprinted by McCulloch in *Early English Tracts on Commerce*.

† Comparing the nation with a lawyer who would not refuse to buy meat from a butcher although the latter declined to “truck” with him “for indentures,” he says, “If you get money enough of others, you care not, though you give it away in specie for these things: I think ’tis the same case.” 261.

‡ This is the marginal abstract of the following passage, which is worth quoting because it anticipates so very distinctly the line of argument taken by later writers: “The sum of all is this: If we have brave Magazines for War and multitudes of brave Ships; if we have a Mint employ’d with more Gold and Silver than in a considerable time they can well coin; If it be an affront to cause any one to drink in any worse mettle than Silver; if great part of our utensils be of the same; if our Trade be stretched as far as any Trade is known; if we have six times the Traders and most of their Shops and Warehouses better furnished than in the last Age; if we have abundance of more good debts abroad than credit from thence; if many of our poor Cotagers children be turn’d Merchants and substantial Traders; if our good Lands be made much better and our bad have a six-fold improvement; if our Houses be built like Palaces, over what they were in the last Age, and abound with plenty of costly furniture; and rich Jewels be very common; and our Servants excel in finery the Great ones of some Neighbour-Nations; if we have most part of the trade of the World, and our Cities are perhaps the greatest Magazines thereof; if, after a destructive plague and Consuming fire, we appear much more glorious; if we have an universal Peace, and our King in such renown that he is courted by all his Neighbours, and these only the marks of poverty, then I have been under a great mistake.” 271.

The latter is, of course, the more fundamental consideration. As to the former, it is necessary to observe both that the argument itself is not quite so enlightened as it may look at first sight, especially when summed up in the phrase "To export money our great advantage";\* and also that it is closely affiliated to earlier "mercantilist" teaching.

He still holds that "that honest way that finds most employment and gets most money is sure the best for any Nation";† he still thinks of money received for exports as "enriching us";‡ as to the French, "I must confess," he says, "I had rather they'd use our goods than money."§ That is, he still believes in the desirability of a favorable balance on the national commerce as a whole, though he can console himself for an unfavorable balance in the trade with a particular country. Perhaps,—though this is not quite clear in what he says of France,—he regarded particular unfavorable balances as sometimes necessary to secure a general favorable balance. But, even thus interpreted, his thought shows scarcely any progress on Mun, whose *England's Treasure by Foreign Trade* had been printed posthumously in 1664. The prime purpose of that treatise had of course been to defend the action of the East India Company in exporting silver; but the "seed-time and harvest" argument was capable of wide application. Mun himself declared, "There are many Countreys which may yield us very profitable trade for our mony, which otherwise afford us no trade at all, because they have no use of our wares";|| and at the head of one of his chapters he lays down the broad proposition, "The Exportation of our Moneys in Trade of Merchandize is a means to encrease our Treasure."¶ The author of *England's Great Happiness* refers to Mun, and

\* At the head of the Table of Contents.

† 262.

‡ 259.

§ 261.

|| Reprint of 1895, 26.

¶ *Ibid.*, 19.

follows him in his account of the East India Trade.\* When he goes on to the more burning question of French trade, he is evidently carried along by the same train of thought. But he makes no attempt to connect this with his other argument,—the appeal to visible prosperity. His first argument, then, is a resort to the idea of a general balance as against that of a particular one: his second argument is a *reductio ad absurdum* of Overbalance, and not a refutation.

The government of Charles II. could do nothing but submit. In his speech at the opening of the session of the new Parliament in 1679 the king expressed the vain expectation that Parliament would “some way make up the loss I sustain by the prohibition of French Wines and Brandy, which turns only to my prejudice, and to the great advantage of the French.”† It is also clear, from the anonymous *Britannia Languens* of 1680, that it was pretty generally believed that English trade was now “sufficiently regulated by our late Prohibition of French Goods,”‡ although the merchants, in anticipation of the prohibition, are said to have “imported a Store of French Goods to the value of about a Million.”§

Upon the accession of James II. the opportunity arrived for the court to get rid of the act. As originally passed, it was only to last for three years and to the end

\*“About this *India* trade you may see more at large by ingenious Mr. Mun; and a Letter call'd The *East India* trade a most profitable trade to the Kingdom, printed 1677.”

† *Parliamentary History*, iv. 1086.

‡ 276; though the author believed it needed positive encouragement in certain ways which he sets forth, even more than mere protection. For a contemporary expression of satisfaction, see An Account of the French Usurpation upon the Trade of England, etc., in a letter by J. B., 1679, quoted in Smith, *Memoirs of Wool*, i. 330: “How the Balance of Trade stands between *England* and *France* is worthy of your grave Consideration. The Parliament, with great Wisdom and Judgment, hath prohibited *England* all Trade or Commerce with *France*.”

§ *Britannia Languens*, 379.



of the next session of Parliament. But Charles had dispensed with a parliament since 1681, and it was irksome to wait till the end of the session. The new House, elected in the midst of the revulsion of feeling caused by the Rye House Plot, and after a general reconstitution of borough governments in the interest of the court, was strongly Tory; and, apparently, no opposition was offered to the proposal at once to repeal the act.\* In its place a heavy though not prohibitive tariff was imposed.† Yet, if we may trust a later account, “such were the Apprehensions and Convictions which the House of Commons entertained of the pernicious Consequences thereof that about the same Time they appointed a Committee to consider of the Means to keep up the Price of Wool; and, to that End, resolved that all Persons should wear the Woolen Manufactures six months in the year.”‡ It is significant that Sir Dudley North presided over the Committee of the Whole House in Supply, and that he resisted, and, of course, successfully, the proposal to increase the duty on French wines so as to make it prohibitive.§ It may be noticed also that Charles Davenant (who had been appointed one of the Commissioners of Excise in the Tory reaction of 1683, at the age of twenty-seven, and lost office again at the Revolution) was among the members of this first Parliament of James II.

The repeal of the prohibition was followed,—so the Whig journalists assure us a quarter of a century later, ||—by “an inundation of French commodities to the value of above four millions sterling, within the compass of less than three years, whereby all the evils formerly complained of were renewed, insomuch that the nation would

\* 1 Jac. II., c. 6; *Statutes of the Realm*, vi. 10.

† 1 Jac. II., c. 5; *Statutes*, vi. 7.

‡ The *British Merchant*, as quoted by Smith, *Memoirs*, i. 378.

§ *Parliamentary History*, iv. 1383.

|| Anderson's account (in Macpherson, ii. 620) is from the *British Merchant*, and follows the passage quoted in the last note but one.

have been soon beggared, had it not been for the happy revolution in the year 1688, when all commerce with France was effectually barred" once more.

The act of 1688 "prohibiting all trade and commerce with France" was probably passed with practical unanimity. Men of all parties, save a few extreme adherents of James II., were for the time united. They were resolved to resist all the efforts of Louis XIV. to reimpose their fallen sovereign upon them; and those who gave no credence to the cry of Overbalance were ready to acquiesce in the prohibition as a war measure designed to injure France. The act makes use for its preamble of the sentences which had introduced the prohibition "tack" to the act of 1678: "It hath been found by long experience that the importing of French Wines, Vinegar, Brandy, Linnen, Silks, Salt, Paper, and other the Commodities of the Growth, Product, or Manufacture of France, . . . hath much exhausted the Treasure of this Nation, lessened the value of the native Commodities and manufactures thereof, and greatly impoverished the English Artificers and Handycrafts and caused great detriment to this Kingdom in general." But this is preceded by the war reason: "Forasmuch as your Majesties . . . have been pleased to declare an actual War with France."\* The prohibition took effect on August 24, 1689; and so well was it enforced that on June 16, 1690, the Commissioners of Customs represented to the Lords of the Treasury that "by the prohibition of the French trade several of the ports that be opposite to France are wholly destitute of any receipt."†

The act, like that of 1678, was to run for three years and the following session. It was renewed in 1692; but now to the three years' limitation, once more renewed, were added the significant words, "if the present war

\* 1 Gul. & Mar., c. 34; *Statutes*, vi. 98.

† *Calendar of Treasury Papers*, 1557-1696, 121.

with France shall so long last." \* The glow of resentment against James had by that time faded away: the Tories were beginning to be tired of the war; and they, at any rate, were ready to remove the prohibition when the war came to an end. When the act lapsed, the war had practically ceased; and, accordingly, the prohibition was not renewed. In its stead an act was passed, 1695-96, in its form closely resembling the tariff act of 1685, but in reality probably a compromise between the two opposing views. It imposed, for a term of twenty-one years, a duty of £25 on every tun of wine, £30 on every tun of French brandy of single proof, and £60 on every tun of double proof, and 25 per cent. ad valorem on all other French goods,—all these in addition to such impositions as already stood on the Book of Rates. † Duties such as these must have almost excluded French commodities, ‡ even though they were no longer prohibited; and the measure may fairly be regarded as a compromise in which the traditional Whig policy was still predominant.

Let us now look at the literature of this second period of prohibition, 1688-96. It was a time prolific in economic pamphlets; but, as we might expect, scarcely any of them were directly called forth by the question of trade with France. That was a matter on which the minds of almost all politicians were, for the time, made up; and pamphleteers seldom addressed themselves to any but "living issues." Two subjects of more immediate interest were the East India Trade and the Currency. But the East India Company was naturally regarded, since Sir

\* 4 Gul. & Mar., c. 25; *Statutes*, vi. 419.

† 7 & 8 Gul. III., c. 20; *Statutes*, vii. 97.

‡ So also Dowell, *History of Taxation*, iv. 120, thinks as to wine. He gives some figures, according to which the average import of wine from 1699 to 1702 was: from Spain and the Canaries, 9,039 tuns; Portugal, 6,897; Italy, 1,508; and France, 1,245.

Josiah Child had made his peace with Charles II., as a Tory corporation;\* and the attacks upon it came mostly from Whigs. Its Tory defenders found themselves obliged to repeat over and over again the old argument of Mun,—that *particular* trades should not be judged harmful merely because the balances in those cases taken by themselves might be unfavorable. But, while defending the East India Company, it was natural to cast a side glance from time to time on that other trade which common opinion regarded as harmful; namely, the French trade. We can readily see how some writers would be tempted to go further, and seek to discredit the very idea of the Balance, even though they were unable to directly disprove its validity. The proposed reduction of the legal rate of interest was also a subject of a good deal of concern to many, and the reform of the currency was a matter of pressing need. It would take too long to show how even on topics like these men of different political parties were very apt to take different sides.† They were also pretty sure to be drawn on to express their opinions on trade in general; and, in doing so, they were likely enough to be influenced by the traditional views of their political associates.

Of all the writers of the time, Sir Josiah Child, whose *New Discourse on Trade* appeared in 1690, was the most immediately influential, and contributed more than any one else to discredit the doctrine of the balance.‡ As to “particular and distinct Trades,” he did but follow Mun and the author of *England’s Great Happiness*. The

\* Cf. Macaulay, *History*, chap. xviii.

† Thus Child and North both disliked the new “trade of banking”; and North and Locke differed in their proposals for the recoinage.

‡ Child’s *Brief Observations concerning Trade and Interest of Money* was published in 1668. In 1690 it was reissued, with ten additional chapters, including one on the Balance of Trade, as *A New Discourse of Trade*. A second edition was called for in 1694. The references here given are to the fourth, undated edition.

"rule" that the balance of gain in trade could be determined by the comparison of exports with imports is "fallible and erroneous" as to particular trades, because "a true measure of any particular Trade, as to the profit or loss of the Nation by it, cannot be taken by the consideration of such Trade in itself singly, but as it stands in reference, and is subservient to the general Trade of this Kingdom." \* But he does not stop here. He minimizes the value of the rule as a test even of the balance of "the general Trade,"—and this for a reason which was likely to have weight with untheoretic and practical-minded Englishmen. "If the difficulty of the scrutiny whereby to reduce it [the rule] into practice and the many accidents that may accrue be seriously weighed, it will appear too doubtful and uncertain." † He proceeds to point out the inadequacy of the custom-house books as furnishing data whereon to form an opinion. Nor can the rate of exchange be relied upon as a criterion, for reasons of the same practical character,—because "it is subject to vary on many accidents of emergencies of State and War," and because there are some countries with which "great and eminent Trades" are carried on and yet with which there is no settled course of exchange. ‡ He concludes, again agreeing with *England's Great Happiness*, that "the best and most certain discovery of national gain or loss in trade is to be made from the encrease and diminution of our Trade and Shipping in general"; i.e., from the large and obvious facts of commercial prosperity or decline. §

\* 170.

† 165.

‡ 175.

§ "Discoursing once with a Noble Lord," the latter had asked him whether "the Affairs of a Nation" and those of a private person did not greatly resemble one another, and, if so, whether a private merchant might not seem to drive a great trade and yet grow poorer. This was a frequent argument of the other side. Thus Locke: "We may trade and be busy, and grow poor by it," in *Considerations*, 571; cf. Temple, *Observations upon the United Provinces* (1672), 7th ed., 1705, 230. Child replies (177): "That man who drives a great Trade, and is Owner or Employer of much Shipping, and does all his days continue and encrease in Trade and Shipping, and his Son or

It is fair to say, then, that Child threw the weight of his name in favor, in general, of a *policy* of commercial freedom. He even pointed towards the way in which this policy could be realized in practical politics: "The well contrivement and management of Foreign Treaties may very much contribute to the making it the interest of other Nations to trade with us,"\* thus anticipating the subsequent action of Bolingbroke. Moreover, like not a few "mercantilists," Child was in favor of the abolition of almost all existing restrictions on the liberty of internal industry.† Up and down this *Discourse* are scattered such gnomic utterances as these: "Liberty and property conduce to the increase of trade." "The common interest of the Nation in general is to buy cheap." "All men are led by their interests."‡ It would be easy to pick these out, associate them with his policy of commercial freedom, and make of him a "forerunner" of Adam Smith,—as, indeed, he was in spirit, though only as the mercantilist movement as a whole was a forerunner of Adam Smith and the school of natural liberty.§ But, unfortunately, Child did not limit himself to two or three pages, like North. He wrote a whole book, and he has himself made it abundantly clear that he shared the fundamental beliefs of the advocates of restraint. He expressly declares the "notion" or "rule" as to comparing exports and imports "not ill grounded," and says that "it has much truth in it, was ingeniously and worthily started by him that first published it [Mun?], and much good has accrued to the

Successor after him, and after him his Grandson, &c. this would be an indisputable evidence that such person or family did thrive by their Trade. . . . This is the case of Nations, and this, through God's goodness, is the case of England, as bad as we are at present." Cf. 179: "If our Trade in the gross bulk of it . . . do still increase for a long tract of years, it is an infallible proof of our thriving by our Trade, and that we are still getting more tools, more stock, to trade with."

\* 187. † *E.g.*, Preface, lxi-lxii, 159-161, 182. ‡ 67, 116, 119.

§ The transition may be observed in, *e.g.*, Gournay's pleasure in the writings of Child and de Witt, as described in Turgot's *Éloge de Gournay*.

Kingdom by our Law-makers resenting it." \* As to the other criterion, "the consideration of the course of the Exchange," that also "may be of use and very necessary in many respects." This might be the language of complaisance, meant to disarm criticism; but when we find Child in favor of "restraining the trades of our own plantations wholly to England," † of preventing the exportation of wool, ‡ and, what is more, of discouraging the importation of commodities from Venice and the Canaries because they were, "for the most part, purchased with ready Money," §—i.e., the very reason for which others urged the prohibition of the East Indian and French trades,—we realize that it was not superior insight that distinguished Child from the Houblons and Godfreys. If Child had been a Whig director of the Bank of England and instead of a Tory director of the East India Company, we should doubtless have found him writing on the other side.

To the same year, 1690, belongs Barbon's earliest treatise on commerce, likewise entitled *A Discourse of Trade*. || In this "Prohibitions" are put down as one of the two chief causes of the decay of trade. It is argued that "the prohibition of any foreign commodity doth hinder the making and exportation of so much of the native as used to be made and exchanged for it." As against "the common argument" that the consumption of foreign commodities hinders the consumption of the native, he maintains that the demand for foreign commodities is not due to need, but to the wants of the mind ¶ and mere fashion,

\* 165. For the way in which such language was understood by contemporaries, see Davenant, *Works*, ii. 96.

† 183, 209.

‡ 183.

§ 189.

|| As Barbon's *Discourses* of 1690 and 1696 are not at present accessible to me, the following quotations are taken from Dr. Bauer's articles and from the excerpts in Professor Cunningham's *Growth of English Industry and Commerce*, ii. (1892), 243, 244.

¶ Dr. Bauer has laid stress upon Barbon's "explanation of value by psychological motives," referring to his language about the "Wants of the

taking French silk stuffs for his example. To describe this as "the ablest refutation of the theory of the balance of trade previous to Hume and Adam Smith" would seem somewhat excessive praise. The first of the two arguments appears perhaps to *involve* the modern doctrine that in the long run exports pay for imports; but Child also had said, "If we would engage other Nations to trade with us, we must receive from them the fruits and commodities of their Countries as well as send them ours,"\* without drawing what to us may seem an obvious conclusion. And, as to the second, Barbon was not alone in thinking of foreign commodities as chiefly fashionable luxuries. Herein Locke, for instance, agreed with him; and it was a consideration of practical importance in such a case as that to which Locke applied it,—namely, to the demand for foreign wines.† But Barbon concedes that, when the importations of foreign wares really hinder the production and consumption of domestic products,—in his opinion, a very rare case,—then duties *may* be imposed to prevent their being sold cheaper than the native. In the opinion of many of Barbon's contemporaries, and certainly in the opinion of the Spitalfields weavers, this was precisely the case with French silk.‡ Barbon's concession was nominally in favor of protection as against prohibition; but it is clear that the same principle might logically be appealed to, as in fact it was appealed to, in favor of prohibition, if protection was thought not to suffice. §

Mind." In his earlier *Apology for the Builder* (1685), reprinted in McCulloch's *Miscellaneous Economical Tracts* (for the Political Economy Club, 1859), the same thought appears, with an indication of the source whence Barbon derived it: "As their riches increase, so doth their wants. As Sir William Temple hath observed, men are better distinguished by what they want than by what they enjoy." 6.

\* *Discourse*, 188. † *Considerations of the Lowering of Interest*, 598.

‡ See, e.g., the *Petition from the Company of Silk Weavers* in Smith, *Memoirs*, i. 351.

§ Thus the *British Merchant* (1713) — quoted by Smith, *Memoirs*, ii. 127 — estimates the increase in the manufacture of malt spirits, of linens, and of silks



That Barbon did not conceive himself to be in possession of any very convincing argument for the absolute refutation of the balance of trade doctrine is perhaps sufficiently indicated by the references to the subject in his later *Discourse on Coining* (1696). True, he there asserts that "no sort of Commodities ought to be *totally* prohibited," that "the freer the Trade is, the better the Nation will thrive," and that "the Poverty and Riches of a Nation does not depend upon a lesser or greater consumption of Foreign goods, nor on the difference of the Value of those Goods that are consum'd." But his only *argument*, apparently, is an expansion of what we have already found in Child: "There is nothing so difficult as to find out the Balance of Trade in any Nation; or to know whether there ever was, or can be such a thing as the making up of the Balance of Trade *betwixt one Nation and another*;\* or to prove, if it could be found out, that there is anything got or lost by the Balance." The only Balance he has in his mind, it would seem, is the balance on particular trades; and he has special reference to the trade with France. "Those that rely so much upon finding out the Balance of Trade, do it by taking the Computation of the Trade of several years of *one Nation with another*, and think it may be done by examining the Accompt of the Custom-House Books, and us'd to give for Instance the French Trade, . . . and therefore us'd to cry out very much against the French Trade: Tho', perhaps if that were throughly consider'd, the French Trade was

in England and Ireland owing to the prohibition; and the *Atlas Maritimus Commercialis* (1727), quoted *ibid.*, 202, sets forth the growth of the manufacture of hats, glass, hardware, soap, and bone-lace, as well as of silk, under the same circumstances. The accounts are, no doubt, greatly exaggerated. One main result of the prohibition, especially at first, was to turn the demand elsewhere. This was evidently the case with wine, now obtained from Portugal and Spain; and it is said to have been the case with linen, now obtained from Holland and Silesia (Macpherson, ii. 693). Such estimates are only referred to here to show how inconclusive Barbon's argument must have seemed to an intelligent Whig. See the speeches in 1713 of Mr. Lechmere and others in Tindal, *u. s.*, 18.

\* The Italics are my own.

as profitable to the Nation as any other Foreign Trade; which might be made to appear, if it were proper for this Debate. But to make up the Balance of Trade by the Custom-House Books is a very uncertain way of reckoning." Similarly in the vein of Child, he casts doubt upon the test of the foreign exchanges; for "Exchanges rise and fall every week" according to such events as "a Vintage, a great Mart, or some Publick Sale." And his final conclusion is that the balance of trade is — not a delusion, but — "a Notion that serves rather to puzzle all Debates of Trade than to discover any particular Advantages that a Nation may get by regulating of Trade."

One word more as to the later treatise. Here Barbon asserts also "that there is no Occasion to send away Money or Bullion to buy Bills of Exchange or Balance accompts," and that "all sorts of Goods of the Value of the Bill of Exchange, or the Balance of the Accompt, will answer the Bill, and Balance the Accompt as well as Money." But this was not the first time the idea had been put forward: it is to be found in a pamphlet criticised by Locke in 1691. And in both cases it was not so much an anticipation of principles now familiar as — at most — a vague realization of the fact that, in the long run, goods pay for goods. But what the mercantilists like Locke saw was the short run: they saw that from time to time there were international balances to be paid in money; and Barbon was apparently quite unable to demonstrate how it was that the short-run facts were reconcilable with the long-run facts.\* We may doubt whether he had any inkling of the solution himself; whether he did not rather stop at the empirical observation of the general result. Certainly, all we know of Barbon's other teachings — that the rate

\* Locke points out that, if England sells goods worth £1,000,000, and buys goods worth £1,100,000, "it is unavoidable that £100,000 of our money must go out. . . . It is ridiculous to say that bills of exchange shall pay our debts abroad. . . . If commodities do not, our money must go out to pay them, or else our credit be lost." *Considerations*, 570. A contention like Barbon's, which seemed to deny every-day business facts, could not be conclusive.

of interest ought to be reduced by law, that "the coin should be raised," etc.—is the very opposite of what we should expect from a man of peculiarly clear insight.

Far better known for the last three-quarters of a century has been Sir Dudley North, whose *Discourses upon Trade*,—the titles of all these writings are monotonously identical,—were printed in 1691, forming a thin pamphlet of thirty-eight pages.\* There is, however, this in common to Barbon and North, and herein they differ from such writers as Child, Locke, or Davenant,—that, so far as we can discover, they secured no appreciable notice from contemporaries, and owe their reputation entirely to modern sympathy.

I have already mentioned North's activity in the Parliament of 1685. He had before that served as a Commissioner of Customs, and in that office had shown peculiar skill in "resolving the enigmas" proposed by the Treasury, as to "why this or that branch fell short." "He caused all the accounts of the Custom-house, that he thought useful, to be brought to his house; and there, in a tabular way, he stated all the branches, in the several years, as far back as he thought would be needful; and, in that manner, he brought the whole state of the revenue of the Customs into a synopsis, upon the inspection of which he could argue and infer; and so he made clear answer to their queries; viz., that some were mistaken, others impertinent; some trades had found new channels; prohibitions or high duties affected others. If some failed, others augmented; for such concerns perpetually vary."† Such a man was likely to have the empirical knowledge which would cause him to distrust Whig economics; and, as one of the best hated Tories of the time, he was predisposed to scoff at them. Accordingly, he does so, in the Preface to his *Discourses*, in the following terms:—

\* I quote from the reprint of 1846.

† Roger North, *Lives of the Norths* (ed. 1826), iii. 147.

"It is not long since there was a great noise with Inquiries into the Balance of Exportation and Importation; and so into the Balance of Trade, as they called it. For it was fancied that, if we brought more Commodities in, than we carried out, we were in the High-way to Ruin. *In like manner have we heard much said against the East-India Trade, against the French Trade, with many other like politick conceits in Trade; most of which, Time and better Judgment hath disbanded.*"\* And he goes on to assert a number of propositions, of which the first three are as follows:—

"The whole world as to Trade is but as one Nation or People, and therein Nations are as Persons.

"The loss of a Trade with one Nation is not that only separately considered, but so much of the Trade of the world rescinded and lost, for all is combined together.

"There can be no Trade unprofitable to the Public; for if any prove so, Men leave it off; and wherever the Traders thrive, the Publick, of which they are a part, thrives also."

North, then, must be credited with having protested against some of the fundamental ideas underlying the Whig policy. But we must take care not to overestimate his scientific merit in this respect. And, certainly, one preliminary misconception must be cleared out of the way.

His brother, Roger North, tells us that the pamphlet was "utterly sunk, and a copy not to be had for money," and remarks, "If it was designedly done, it was very prudent."† McCulloch, after characterizing North as "the intelligent advocate of all the great principles of commercial freedom," mentions the disappearance of the tract in such a way as to suggest that it was suppressed *on account of* its free trade views.‡ This is the conclusion actually drawn in a work of reference so generally

\* His own Italics. † *Lives*, u. s., 173. ‡ McCulloch's *Discourse*, 37-39.

trustworthy as Conrad's *Handwörterbuch*, with the addition that it was North himself that suppressed it, as perhaps McCulloch's account might suggest. "Supposing that the economic consequences of the Revolution would be a victory of the principle of free trade, he published his treatise in 1691; but he was obliged only too soon to yield to the conviction that the result of the Revolution could rather be the extremest intensification of protectionist measures. This turn of affairs induced him, out of regard to his social well-being, . . . to get rid of this printed evidence of his free trade opinions by buying up and destroying the whole edition." \*

All this does but illustrate the growth of myth. North was not impressed by the spectre of Overbalance, as the other party held it up, nor did he favor the Whig policy of prohibition; and he did not hesitate to say so. Nor, as we have seen, did other people. But the main purpose of his treatise was not to deal with foreign commerce, but, as the title-page says, was "principally directed to the Cases of the Interest, Coynage, Clipping, and Increase of Money." He is very explicit in his preface. After saying, in the passage already quoted, that "most" of the "politick conceits in trade Time and better Judgment hath disbanded," he continues: "*but others succeed in their room, according as new Persons find Encouragement to invent. . . . And now we complain for want of Money in specie, that Bullion is Exported or misemployed to other uses than making Money; and ascribe the deadness of Trade, especially of Corn and Cattel in the Country, to this; and hope by a Regulation of the Bullion-Trade, and stinting the Price, except it be in Money, to make a thorough Reformation.*" It was the problem of the currency, especially in its relation to bullion, that he had in his mind; as any one can see who takes the trouble to read

\* S. v. North. The writer adds to the motives a regard for his "amtliche Unbescholtenheit." But he was no longer in office.

through the *Discourses*. The chief practical matter on which he took issue with the administration was the policy of "free coinage," and as to this he did not mince his words: "The Nation hath been abused, and made to pay for the twisting of straw, for Asses to eat."\* But it was not only or originally the Revolution government that he found fault with in this matter: it was, as Roger North makes quite clear, the law passed in 1685† (or, rather, continued from 18 Car. II.) that first moved his ire. He was "scandalized" also, says his brother, "at clipped money," and "resolved to bid battle to this popular delusion."‡ These were the main reasons for publishing his pamphlet. And Roger North explains the disappearance of the pamphlet by the circumstance that in the actual reformation of the coinage the government did not follow Dudley's advice. "Of the two ways, exposed by Sir Dudley North, the fabricators of that bill chose the worse; for they threw the loss of the clipped money upon the public by a tax." If the pamphlet was "designedly sunk," "it was very prudent; for the proceeding is so much reflected on there for the worse, and a better showed, though not so favourable to abuses, as doth not consist with that honour and *éclat* as hath been held forth upon the occasion."§ Surely Roger North is hinting that *the government* suppressed the pamphlet; for the recoinage act was not passed till 1695, and North died in 1691.

When, with these facts in mind, we look at the propositions set forth in the preface, and so lauded by McCulloch as a summary of "sound views of political economy," it becomes probable that most of the fourteen have no general reference to commerce at large, but a special reference to the immediate coinage question. To seek to show this at length would involve an excursion into the thorny

\* 18. † 1 Jac. II., c. 7; *Statutes*, vi. 10.

‡ *Lives of the Norths*, iii. 168.

§ *Ibid.*, 173.

field of currency history, from which, with the fear of Mr. Shaw and Mr. Walsh before our eyes, we may well recoil. But two examples will suffice. It is hard to read, "No Laws can set Prices in Trade" and "Money is a Merchandise," without at once interpreting them as we should if we found them in the *Wealth of Nations*. But what Dudley North meant by them we may learn from the account given by his brother Roger, who was his intimate companion. "Another thing which gave him great offence was the currency of clipped money. He *looked upon coined money as merchandise*, only (for better proof and convenience) used as a scale having its supposed weight signed upon it, to weigh all other things by; or as a denomination apt for accounts. But, if the weight of it differed from its stamp, it was not a scale, but a cheat, like a piece of goods with a content stamp, and divers yards cut off. And, as to the fancy that common currency might reconcile the matter, he thought that when a man takes a thing called a shilling, putting it off, it is also called a shilling nominally—true; but, as to the deficiency, it is no other than a token or leather money, of no intrinsic, by what name soever it be called; and that *all markets will be regulated accordingly*; for as money is debased, *prices rise*, and so it all comes to a reckoning."\*

Finally, we must not unduly extend the significance even of those propositions which do bear directly on foreign trade, and which have already been quoted. I am not at all sure that North meant anything more by them than what we have already found in Child and others,—that a particular trade cannot be properly judged of by itself. Roger North thus expounds his brother's view: "Trade is not distributed, as government, by nations and kingdoms; but is one throughout the whole world; as the main sea, which cannot be emptied or replenished, in one part, but the whole, *more or less*, will be affected. So

\* *Lives of the Norths*, iii. 173. The Italics are added.

when a nation thinks, by rescinding the trade of any other country, which was the case of *our prohibiting all commerce with France*, they do not lop off that country, but so much of their trade of the whole world as what that which was prohibited bore in proportion with all the rest. . . . And as to pretending a loss by any commerce, the merchant chooses in some respects to lose *if by that he acquires an accommodation of a profitable trade in other respects*. As when they send silk home from Turkey, by which they gain a great deal, because they have no other commodity wherewith to make returns. So without trade into France, whereby the English may have effects in that kingdom, they could not so well drive the Italian, Spanish and Holland trades, for want of remittances and returns that way.”\* There does not seem anything more here than a criticism of the particular-balance idea; and, for the immediate Tory purpose of furnishing an argument against the prohibition either of French or of East Indian imports, nothing more was needed. North himself,—while explaining that “no man is richer for having his estate *all* in Money lying by him,” †—nevertheless uses language about money being “a proper Fund for a surplusage of stock to be deposited in,” ‡ which could easily lend itself to a general balance argument.

There is one writer of the opposite political camp who must not be overlooked,—John Locke. Locke’s *Considerations of the Consequences of the Lowering of Interest* were written in the main about 1672; but additions were made in 1690, and probably the whole revised before it was published in November, 1691. In this tractate Locke defends most strenuously the doctrine of the balance; yet nothing is more curious than the way in which, after he has once embarked on his exposition of the “quantity theory” of money, he seems to approach within sight of the con-

\* *Lives of the Norths*, i. 352.† *Discourses*, 11.‡ *Ibid.*, 16.



clusion which Hume afterwards drew. An unfavorable balance he sees will make foreign commodities relatively dear; but, on the threshold of the conclusion that this would set the current flowing the other way, he stops short, and gets back to his mercantilist foundation by means of the weak argument that such an unfavorable balance "endangers the drawing away of our people, who are apt to go where their pay is best."\* No one would accuse Locke of intellectual dishonesty. We cannot but remember, however, that he was the intimate friend of Shaftesbury; that one of the last acts of his patron before he fell from office was to appoint him Secretary to the Council of Trade and Foreign Plantations; that he held this office from October, 1673, to March, 1675,—the very period when the prohibition policy first took shape; that his *Considerations* were addressed to Lord Somers; that he was a large subscriber to the Whig Bank of England; and, finally, that he was "the presiding genius" from 1696 to 1700 in that new Board of Trade and Plantations which had among its chief duties "to examine what trades are or may prove hurtful and what beneficial to this kingdom, and by what means the advantageous trades may be improved and those that are prejudicial discouraged."† It is not, perhaps, unfair to say that, as the eyes of Tory pamphleteers were made more penetrating by party prepossessions, the eyes even of a great philosopher who was a Whig might also be dimmed by party prepossessions.

We come now to the last stage in the history of the period under consideration. The period of high duties lasted from 1696 to 1704. After peace was signed with France in 1697 there were not a few, especially among the Tories, who were ready to carry out the suggestion of Child, and enter into a treaty of reciprocity with France. Negotiations were begun, and a French envoy visited

\* *Considerations*, 591, 592.

† Macpherson, ii. 682.

England; but neither government was ready to make adequate concessions in its tariffs, and the negotiations were fruitless.\* In 1704, most of the ultra-Tories having been removed from the ministry, and Parliament being once more resolved upon an energetic conduct of the war, the prohibition was renewed, with the old Whig preamble, and to last "during the present war with France."† As soon as the Tory reaction took place, in 1710, the new ministry, reverting to the old policy of the party, began to feel its way both to a peace and to a treaty of commerce. The fate of this treaty is a matter of general knowledge, and has already been referred to. Beyond 1713 I do not now propose to follow the progress of events.

As soon as the commercial articles of the Treaty of Utrecht became known, there was a war of pamphlets and, what was a novelty, of journals, with the *British Merchant*, subsidized by Halifax,‡ on the Whig side, and the *Mercator*, subsidized by Bolingbroke and written chiefly by De Foe, on the Tory side. Bolingbroke was ready to avow that, for his part, he entered into these negotiations "more in the character of a statesman than of a merchant"; that his chief purpose was to overcome the long estrangement between the two nations, which the old commercial jealousy had encouraged. "Nothing unites like interest; and, when once our people have felt the sweet of carrying on a trade to France, under reasonable regulations, the artifices of Whigism will have the less effect amongst them."§ But his literary champions had to make out an economic case against the Whigs; and usually, it would seem, they took the line already pointed out by Child and Barbon, of calling in question

\* Macpherson, ii. 693.

† 3 & 4 Annæ, c. 12; *Statutes*, vii. 360.

‡ Preface (xvii) of 1721 reprint of *The British Merchant or Commerce Preserved*: "My Lord Halifax was the support and very spirit of the paper called the B. M., . . . out of his Liberality subscribed very largely to this Work, a considerable sum being raised to carry it on."

§ Bolingbroke's *Letters* (ed. 1798), iv. 141, 153.

the custom-house statistics.\* It would be worth while to enter in some detail into the arguments of the two sides; but that task must be postponed to another occasion.

During the whole period 1695–1712, the writer most worthy of attention was Charles Davenant. Davenant is not only the most voluminous, but also, in my opinion, the most considerable of all the Tory advocates of “free trade.”† To do him justice, it would be necessary to devote a separate essay to him; while to determine how far he was consistent would involve a more careful examination than has ever yet been made of all the several phases and *nuances* of what we call “Mercantilism.” It will be sufficient here to call attention to a few only of the more noticeable features of his writings.

As with Child, we find in Davenant’s writings many utterances which, if they stood by themselves, we should interpret as implying a thorough-going free trade theory in the modern sense,—utterances which quite deserve to be set by the side of those of North. Thus: “Trade is in its nature free, finds its own channel and best directeth its own course”;‡ “Wisdom is most commonly in the wrong when it pretends to direct nature”;§ “We understand that to be wealth which maintains the prince and the general body of his people in plenty, ease, and safety”;|| “Money is at bottom no more than the count-

\*I have been unable to see a copy of the *Mercator*, but the *British Merchant*, ii. 49, quotes it as denying “that any accounts from the Custom House can give a true Scheme of the Trade of France, or so much of a Scheme as to make a rational Conjecture from.”

† In the contemporary sense of the term; as when, in a debate in 1713, “Mr. *Arthur Moore*, one of the Commissioners of Trade, and whose skill and knowledge the *British* Ministry had chiefly relied on in drawing up the treaty, endeavoured to show the great advantages that would accrue to the Nation from a free trade with France.” Tindal, *u. s.*, xxv. 17. It is possibly worth while observing that the term “free trade” was also used as a contrast to trade carried on by privileged companies. This had been the commonest use of the term in the preceding century. Some examples will be found in von Heyking, *Zur Geschichte der Handelsbilanztheorie*, 86.

‡ *Works*, i. 98.

§ *Ibid.*, i. 104.

|| *Ibid.*, i. 381.

ers with which men in their dealings have been accustomed to reckon." \*

Then, again, the argument against the balance doctrine as the Whigs held it takes just the same form as with Mun and Child and Barbon and North,—the appeal from the particular to the general: "We may seem to lose by the balance in one place, but perhaps that trade may be the cause of another twice as profitable. So that to object against the motion of one wheel without knowing and seeing how the whole engine moves is to no manner of purpose." † There is the same recourse as by earlier writers to the obvious facts of industrial and commercial life: "He that would compute with any good effect in matters relating to trade must contemplate the wealth, stock, product, consumption, and shipping," as well as "exportations and importations of his country." ‡

These two ideas Davenant applies with much elaboration to the problem of trade with France. He deals with this incidentally in a *Discourse on the East India Trade*, written in 1698, in which, apropos of the proposed restriction upon East Indian calicos, he is confronted with the doctrine of the balance, and its most popular example,—the case of France. He deals with it at greater length when, having been appointed Inspector-general of Exports and Imports in 1705, it became his duty in 1712 to present official reports to the Commissioners for Accounts, in preparation for the proposed commercial treaty. It is a complete misunderstanding, and an injustice to Davenant, to suppose that "after his return to official employment he did not venture to disturb current economic ideas." §

\* Works, i. 355.

† *Ibid.*, i. 147.

‡ *Ibid.*, i. 147. In i. 355-357 is an enumeration of the "symptoms" of a nation's "growing wealthy," ending with the words: "What we have here enumerated are not only the signs of a prosperous people, but may be accounted national stock, and as well esteemed riches as our own coined money, foreign coin or imported bullion."

§ Palgrave's *Dictionary*, s. Davenant.

After his return to official employment he had a unique opportunity to assist in carrying into effect the policy of freer intercourse with France, which he had all along advocated.

In his *Discourse* of 1698 he grants that after Colbert imposed his high tariff "our dealings thither began to grow very disadvantageous to this nation," but "whether" it was "in the degree commonly reckoned seems," he remarks, "at least very doubtful";\* and this he produces some statistics to show. But, "now the peace is concluded," "it is hoped that, upon mature consideration, both kingdoms will think it their mutual interest to meet upon more friendly terms."† He quite accepts what Child says "in his excellent *Discourse* on the Balance of Trade," both about the difficulty of using custom-house statistics and the "usefulness" of the "notion" of the balance, if only all the circumstances are adequately known.‡ And when he comes, three or four years later, to write his *Reports*, that is the line he takes. He proves to his own satisfaction, first, that the figures of "the Old Scheme" of 1674, and still more those of Fortrey, were grossly exaggerated; and, secondly, that, "whatever over-balance France in *particular* might have upon us, . . . it is evident beyond all dispute that England was every year a gainer in its *universal* trade."§ He ends with the conclusion that, "if both kingdoms can agree upon just and equal duties to be laid on their respective commodities, a free trade with France can never be dangerous to England."||

Enough has been said to indicate the natural connection during the whole period, 1673-1713, between the advocacy of a "free trade" policy and the Tory party. In the course of the exposition something has perhaps been done to show the substantial similarity of ideas in all the

\* *Works*, ii. 97.

† *Ibid.*, ii. 98.

‡ *Ibid.*, ii. 96.

§ *Ibid.*, v. 363.

|| *Ibid.*, v. 385.

Tory writers, and to render it probable that not one of them really saw his way to a refutation of the fundamental idea of the *general* balance. This it was left for another Tory, a good deal later, to do,—David Hume; and it is interesting to observe that his theoretic refutation of the balance doctrine was not suggested by any of his Tory predecessors, but by the “quantity theory” of the Whig Locke.

The history of economic literature in England in the period 1713–76 has yet to be written; but it is perhaps even now possible to say of Adam Smith that his significance lies not only in the completeness with which he carried a free trade theory into all the details of a practical policy, but also in the fact that he definitely brought over the free trade policy from the Tory to the Whig camp.

W. J. ASHLEY.